

MEMORANDUM

TO: City Council
FROM: Richard Malcolm
DATE: June 29, 1978
SUBJECT: GENERAL FUND REVENUE IMPACTS OF PROPOSITION 13

Submitted to Council on June 29, 1978
Res. No. 361 as amended
Ord. No. adopted.
Referred to:
Status: Council adopted
Ord No 3 in this item to be adopted
amending it to exclude any
reference to business lic. fees

As you know, we are continuing to keep abreast of events currently transpiring throughout the State in regards to Proposition 13. One factor that is particularly troublesome according to our latest legal input, is that the City Council's revenue-raising decision making capabilities concerning adoption of new "special taxes" is being extended to include the increasing of existing fees determined to be taxes.

As we indicated at the City Council meeting of June 19, 1978, the delicate revenue matrix we operate under in providing the residents of Simi Valley our full range of police, planning, legal and other services through the General Fund will be affected in the Business License Fee and New Dwelling Construction Fee areas.

Under the provisions of Proposition 13, the City Council cannot increase existing revenue rates after June 30, 1978 without an election resulting in a two-thirds majority in favor of the increase. This appears to severely limit our ability to make these rates reflect the increased inflationary or service expansion needs within our range of Municipal activities as our community grows. Clearly these rates may be very appropriate in 1978 as we serve 74,000 people, however they may not be appropriate in 1990, as we serve 103,000 people. For example, we know that since the July 1976 New Dwelling Construction Fee adjustment, our General Fund expenditures have increased 84% (\$4,070,604 - est. \$7,482,412). Similarly, General Fund expenditures have increased from \$121,530 to the estimated \$7,482,412 since the June, 1970 Business License schedule was adopted. Although this General Fund rate of increase will substantially subside, nonetheless, some increased costs will surely occur as our community grows. Unless we take action at this time, for all practical purposes we lose the ability to meet this challenge to our service delivery.

Alternatives

1. No change in current fee schedules. This restricts our ability to modify these revenue sources in the face of increased service needs for the community. It exacerbates our reliance upon resources derived from outside agencies, thus increases our dependence upon such agencies.
2. Establish fee schedules that increase by a certain percentage at each given time increment, i.e., 5% every year.
3. Establish fee schedules that increase by a percentage equalling the rise in the September to September L.A.-Long Beach Consumer Price Index. This mitigates the inflationary impacts of the future, but not necessarily service expansion needs.
4. Establish fee schedules that increase by a certain percentage after each population certification is received from the Department of Finance, i.e., 5% after every 2,000 person increase. This mitigates the service expansion needs of the future, but not necessarily inflationary impacts.
5. Make an immediate adjustment in one or more fees and/or adopt one or more of the above methodologies for determining future rates.

Business License Fee

GROSS RECEIPTS BRACKETS


FROM	TO	ORIGINAL (June 1970)	REVISED (Dec. 1974)	CURRENT (June 1976)
\$ 0	\$ 10,000	\$ 37.50	\$ 20.00	\$ 10.00
10,001	20,000	37.50	20.00	20.00
20,001	100,000	37.50	37.50	37.50
100,001	200,000	75.00	75.00	75.00
200,001	300,000	112.50	112.50	112.50
300,001	400,000	150.00	150.00	150.00
400,001	500,000	187.50	187.50	187.50
500,001	600,000	225.00	225.00	225.00
and above		225.00	225.00	225.00
		Plus 37.50	Plus 37.50	Plus 37.50
		Per \$100,000	Per \$100,000	Per \$100,000

FLAT RATES:

AMUSEMENT ACTIVITIES AND FACILITIES	\$100 day	Same	Same
APARTMENTS, BOARDING HOUSES, MOTELS, AND MOBILE HOME PARKS			
Five or less units	\$25 annually	Same	Same
Each unit over five	\$2 annually	Same	Same
AUTOMOBILE SALVAGE, WRECKING, STORAGE AND IMPOUND YARDS	\$150 annually	Same	Same
AUTO DEALER - NEW OR USED	\$225 up to \$500,000 gross receipts there-after .05 per \$1,000.	Same	Same
AUCTIONEER	\$50 annually	\$10 day, \$50 annually	Same
CONTRACTORS	\$150 annually	\$50 annually	Same
SUBCONTRACTORS	\$50 annually	Same	Same
DELIVERY TRUCKS	\$25 per truck	Same	Same
GARBAGE AND REFUSE COLLECTORS	\$100 annually per truck	Same	Same
HOSPITAL & CONVALESCENT HOME	\$50 plus \$2 per bed	Same	Same
OCCULT SCIENCES	\$750 annually	\$50 annually	Same
PAWNBROKER	\$150 annually	Same	Same
PROFESSIONAL PERSON	\$50 annually	Same	Same
SOLICITOR-PRINCIPAL	\$150 annually	Same	Same
SOLICITOR	\$15 annually	Same	Same
MOTOR VEHICLE FOR HIRE, TAXICABS BUSES AND AMBULANCES	\$25 per vehicle	Same	Same
SWAP MEET VENDORS	None	\$1 day, \$20 annually	Same
T.V. MOTION PICTURE FILMING	None	\$100 day	Same

Recap of Total Revenues

	FY 1974-75	FY 1975-76	FY 1976-77	Est. 1977-78
Business License	\$134,536	\$150,496	\$152,398	\$160,000



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New Dwelling Construction Fees

	<u>ORIGINAL</u> <u>(Sept. 1972)</u>	<u>CURRENT</u> <u>(July 1976)</u>	<u>EXAMPLE A</u> <u>33% Adjust.</u>	<u>EXAMPLE B</u> <u>50% Adjust.</u>	<u>EXAMPLE C</u> <u>100% Adjust.</u>
One bedroom dwelling	\$100	\$150	\$200	\$225	\$300
Each Additional bedroom	50	75	100	113	150
Total fee per dwelling, not to exceed	200	300	400	450	600
Mobile Home	100	100	133	150	200

Recap of Total Revenues

	<u>FY 1975-76</u>	<u>FY 1976-77</u>	<u>Est.</u> <u>1977-78</u>	<u>Example</u> <u>A</u>	<u>Example</u> <u>B</u>	<u>Example</u> <u>C</u>
New Dwelling Construct.	\$115,150	\$243,350	\$260,000	\$345,800	\$390,000	\$520,000

Note: Examples assume the same level of building activity as estimated for FY 1977-78.

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